(b) if so, whether there is any policy before Government to regulate such type of inflows, if it is really affecting the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Foreign Direct Investment (FDI) complements and supplements domestic investment and, to some extent, bridges the saving-investment gap. FDI plays an important role not only as a source of capital but also for enhancing the competitiveness of the domestic economy through transfer of technology. Government has put in place a liberal and transparent FDI policy under which FDI up to 100 per cent is permitted through the automatic route in most sectors/activities.

**Amendment of Indian Trustees Act, 1882**

33. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government has decided to amend the Indian Trustees Act, 1882 so as to allow certain trusts to invest in securities, including shares and bonds of listed companies;

(b) if so, what is the eligibility criteria proposed for investment by private, public and religious trusts; and

(c) by when Government proposes to being forward an amendment in this regard before the Parliament?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) There is proposal to amend section 20 of the Indian Trusts Act, 1882 that deals with 'investment of trust money'.

**Restrictions on overseas borrowings**

34. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether India has imposed restrictions on the quantum of money the local companies can borrow from overseas;

(b) if so, the details thereof and the reasons therefor;

(c) whether experts are of the view that this measure is unlikely to stem the inflationary pressure and curb the rapid appreciation of the rupee; and

(d) if so, the details thereof and the Centre's response thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The inflows of capital have been modulated through External Commercial Borrowings (ECB) by modifying some aspects of the policy with effect from August 7, 2007, *i.e.* ECB up to USD 500 million per borrower company per financial year has been permitted only for foreign currency expenditure on import of capital goods and/or overseas acquisition and for permissible end-uses of ECB both under the Automatic and Approval Route. Borrowers proposing to avail of ECB up to USD 20 million for rupee expenditure for permissible end-uses would require prior approval of the Reserve Bank of India under Approval Route.

(c) and (d) the exchange rate of rupee is dependent on the supply and demand conditions in the forex market. The day-to-day exchange rate management is in the domain of the RBI. As ECB is one of the sources of forex inflows, any modifications in the ECB guidelines may, by itself only marginally influence the inflationary pressure or rupee appreciation.